

## Proposal to Resolve FY 2003 General Fund Shortfall

	<u>Proposal</u>
Consensus Revenue Shortfall Estimate	300,000,000
<i>Supplementals</i>	
DHS Title 19 Supplemental	12,668,000
DES Title 19 Supplemental	3,062,400
Treasurer Supplemental	<u>200,000</u>
<i>Total Shortfall (Revenue plus Supplementals)</i>	315,930,400
<i>Solutions to Shortfall</i>	
Deficiency Correction Transfer to FY 05	100,000,000
Proposition 303 Proceeds/AHCCCS Offset	19,200,000
HELP Fund Transfer	20,000,000
ADOT Operating Cuts/Fund Transfers	12,000,000
Ladewig Set Aside - Reduce from \$75m to \$15m	60,000,000
Fund Transfers/Shifts - see attachment	56,991,500
Revert Non-lapsing Approps - see attachment	5,965,500
Game & Fish Heritage to Offset Parks and Land Budgets	10,135,900
DOR Revenue Generating Plan	2,562,200
Asset Sale to State Compensation Fund	50,000,000
Black Canyon Building Sale	900,000
Capital Fund Shift - Use Land Fund for Health Lab	<u>900,000</u>
<i>Total Solutions</i>	338,655,100
 <i>Total Ending Balance (Solutions less Shortfall)</i>	 22,724,700
 <i>Other Fund Supplementals</i>	
AHCCCS Medically Needy Account - Technical Adjustment;	(25,337,600)
Caseload supp funded from non-approp \$	
DHS Medically Needy Account	5,000,000
ADOT Aviation Fund Lawsuit Settlement	1,500,000
ADOT Judicial Fee Programming	250,000
DES Federal Child Care	5,000,000
Department of Gaming	283,200

## STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES

	<b>FY 2003</b>	<b>FY 2003</b>
	<b><u>Current Shortfall</u></b>	<b><u>Proposed</u></b>
<b>REVENUES</b>		
Balance Forward	\$1,000,000	\$1,000,000
Base Revenues	6,070,228,800	6,070,228,800
<i>Urban Revenue Sharing</i>	(430,564,900)	(430,564,900)
<i>Ladewig/Other Set-aside</i>	(75,000,000)	(15,000,000)
<i>Proposed Revenue Adjustments</i>	<u>0</u>	<u>5,838,000</u>
Revised Base Revenues	5,564,663,900	5,630,501,900
<b>Total Revenues</b>	\$5,565,663,900	\$5,631,501,900
<b>EXPENDITURES</b>		
Operating Budget	6,030,742,700	6,030,742,700
Proposed Additional Reductions	0	0
Proposed Reductions from Fund Shifts	0	(39,335,900)
Proposed Supplementals		19,206,200
Capital Outlay	2,642,900	1,742,900
Administrative Adjustments	53,000,000	53,000,000
Revertments	<u>(51,169,300)</u>	<u>(57,134,800)</u>
<b>Total Spending</b>	\$6,035,216,300	\$6,008,221,100
<b>Fund Transfers In</b>	169,552,400	169,552,400
<b>Proposed Additional Transfers</b>	0	178,991,500
<b>Proposed Asset Sales</b>	0	50,900,000
<b>ENDING BALANCE</b>	(\$300,000,000)	\$22,724,700

## FUND BALANCE TRANSFERS AND SHIFTS For Fiscal Year 2003

<u>AGENCY/FUND</u>	<u>Proposal</u>
Fund Transfers	
Department of Administration	
Air Quality Fund (ADA2226)	(500,000)
Retiree Accumulated Sick Leave Fund (YYA3200)	(400,000)
Technology & Telecommunications Fund (ADA4201)	(2,000,000)
DOA 911 Emergency Telecom Services Revolving Fund (ADA2176)	(7,000,000)
Risk Management Fund (ADA4216)	(2,000,000)
Lease-Purchase Building Operating & Maintenance (1025)	(46,700)
State Employee Ride Share (2261)	(200,000)
State Suggestion Program Award Fund (3190)	(20,000)
Admin - AFIS II Collections (4203)	(159,000)
Eliminate Prior Transfer from State Surplus Materials Revolving Fund 1/	850,000
Department of Agriculture	
Commercial Feed Fund (AHA2012)	(450,000)
Pesticide Fund (AHA2051)	(400,000)
Fertilizer Materials Fund (AHA2081)	(150,000)
Ratite Control Fund (2098)	(1,800)
Attorney General	
Prosecuting Attorneys Fund (AGA2057)	(200,000)
Banking Department	
Receivership Fund (BDA3023)	(150,000)
Department of Commerce	
Greater AZ Development Authority Revolving (EPA2311)	(2,500,000)
Arizona Job Training Fund (EPA1237)	(5,000,000)
Arizona Community Colleges	
Community College Certification Fund (2009)	(88,700)
Department of Corrections	
ACI Enterprises Revolving Fund (DCA4002)	(1,000,000)
AZ Commission for the Deaf & the Hard of Hearing	
Telecommunication Fund for the Deaf (DFA2047)	(1,000,000)
Drug and Gang Prevention Resource Center	
Resource Center Fund (2280)	(200,000)
Department of Economic Security	
Public Assistance Collections Fund (DEA2217)	(400,000)
Department of Education	
Charter School Stimulus Fund (1007)	(80,300)
Research Based Systematic Phonics Instruction (2413)	(18,300)
Education Commodity (4210)	(100,000)
Department of Environmental Quality	
UST Assurance - Maricopa County Account (EVA2271)	(2,400,000)
UST Assurance - Non-Maricopa County Account (EVA2271)	(3,600,000)
Clean Air Fund (EVA1238)	(1,000,000)
Recycling Fund (EVA2289)	(500,000)
Game and Fish Department	
Watercraft Licensing Fund (GFA2079)	(1,500,000)
Department of Health Services	
Medical Services Stabilization Fund (Mental Hlth Inst. Funding)	
(HSA3037)	(500,000)
Emergency Medical Operating Services (2171)	(600,000)
IGA and ISA Fund (2500)	(25,400)

<u>AGENCY/FUND</u>	<u>Proposal</u>
State Land Department Federal Reclamation Trust Fund (2024)	(250,000)
State Parks Board Off-Highway Vehicle Recreation Fund (PRA2253)	(4,000,000)
Commission for Postsecondary Education Teacher Loan Forgiveness (2249)	(1,300)
State Board for Private Postsecondary Education Private Postsecondary Education (2056)	(100,000)
Department of Public Safety Crime Laboratory Assessment (2282) Auto Fingerprint Identification (2286)	(200,000) (400,000)
Department of Revenue DOR Unclaimed Property Fund (RVA1520)	(4,200,000)
Department of Transportation State Aviation Fund (DTA2005) Subtotal - Fund Transfers	(4,500,000) <u>\$ (46,991,500)</u>
Fund Shift DPS Highway Patrol Fund/HURF/General Fund	(10,000,000)
TOTAL - FUND TRANSFERS & SHIFTS	\$ (56,991,500)
Other Shortfall Reduction Items in Fund Transfer Section SFB Deficiencies Correction Fund ADOT Highway Expansion & Extention Loan (HELP) Program Fund ADOT Equipment Fund	(100,000,000) (20,000,000) (2,000,000)

1/ The FY 03 supplemental adjustment bill strikes a prior transfer of \$1 million from this fund, however, an existing session law provision will generate \$150,000 from this fund for the General Fund. Therefore, the net impact of striking the \$1 million transfer is \$850,000, as shown above.

## Continuing Appropriation Reversions

Agency/Purpose	Reversion Amount	Originating Statute
<b><u>General Fund</u></b>		
<b>Department of Administration</b>		
Military Airport Preservation Committee	\$107,500	L95, ch 62, sec 9, sub D
Performance Based Incentives	106,325	L97, 1SS, ch 1, sec 2
Department Relocation	168,410	L99, 1SS, ch 1, sec 4; L01, ch 236, sec 4
State Hospital Study and Design	31,870	L95, 1SS, ch 2, sec 2, sub B, par 1
ASPC-Perryville Security Improvements	6,682	L97, ch 212, sec 22, sub A, par 2
DOC Prison Lock Replacement	27,480	L98, 4SS, ch 1, sec 59
Capital Mall Maintenance Compound	8,169	L98, 4SS, ch 7, sec 2, sub B, par 2
Sexually Violent Persons Facility	103,218	L99, 1SS, ch 2, sec 3, par 2
Building Renewal - FY 95	3,396	L94, 8SS, ch 2, sec 2, sub B, par 1
Building Renewal - FY 95	10,978	L94, 8SS, ch 2, sec 1, sub C
Building Renewal - FY 97	30	L96, 5SS, ch 2, sec 1, sub C
Building Renewal - FY 97	1,325	L96, 5SS, ch 2, sec 1, sub C
Building Renewal - FY 98	1,113	L97, 1SS, ch 2, sec 1, sub C
Building Renewal - FY 99	31	L98, 4SS, ch 7, sec 1, sub C
Building Renewal - FY 99	1,396	L98, 4SS, ch 7, sec 1, sub C
Building Renewal - FY 99	13,995	L99, 1SS, ch 5, sec 18, sub A, par 1
Building Renewal - FY 01	364	L99, 1SS, ch 2, sec 1, sub C
Capital maintenance and repair	11,655	L96, 5SS, ch 2, sec 1, sub A
Capitol Center Expansion	35	L95, 1SS, ch 2, sec 2, sub B, par 1
Americans with Disabilities compliance	986	L94, 8SS, ch 2, sec 2, sub B, par 1
<b>AHCCCS</b>		
Mental Health - Adults	42,763	L91, ch 265, sec 26
Apache and Navajo County Claims for Tribal Members	184,364	L97, 1SS, ch 7, sec 18
<b>Corporation Commission</b>		
Railroad Warning Systems	302,509	L99, 1SS, ch 1, sec 22
<b>Arizona State School for the Deaf and the Blind</b>		
Master plan	5,000	L95, 1SS, ch 2, sec 2, sub B, par 2
Renovation of athletic facilities at Tucson campus	15,116	L98, 4SS, ch 7, sec 2, sub C
<b>Department of Economic Security</b>		
Building renewal - 1995	3,537	L94, 8SS, ch 2, sec 1, sub C
Building renewal - 1997	1,769	L95, 1SS, ch 2, sec 1, sub C
Domestic violence shelter	105,203	L99, ch 182, sec 1, sub A
Family Builders	30,842	L99, 1SS, ch 1, sec 29
Project intervention	22,828	L99, 1SS, ch 1, sec 29
<b>Department of Education</b>		
English Learner Monitoring	130,847	L01, 2SS, ch 9, sec 14, sub A
ADTEC remodel	357	L91, ch 289, sec 2, sub B, par 2
Telecommunications Cabling	1,624	L91, ch 289, sec 2, sub B, par 2
Temporary facilities	281	L90, 3SS, ch 8, sec 2, sub B, par 3
Building Renewal	394	L93, 2SS, ch 2, sec 1, sub C
Security Fencing	2,563	L95, 1SS, ch 2, sec 2, sub B, par 2
<b>Department of Emergency and Military Affairs</b>		
Marana Tactical Equipment Park	18,753	L90, 3SS, ch 8, sec 2, sub B, par 6
Project Challenge	12,163	L97, ch 293, sec 2, sub A & B; L99, 1SS, ch 5, sec 18, sub A, par 2
STARC Armory	16	L91, ch 289, sec 2, sub B, par 4
Flooded residences	5	L93, ch 122, sec 1, sub D
<b>Department of Environmental Quality</b>		
Greenfields Pilot Program	37	L97, ch 296, sec 10, sub C

<b>Agency/Purpose</b>	<b>Reversion Amount</b>	<b>Originating Statute</b>
<b>Department of Health Services</b>		
JACHO accreditation at ASH; related costs	8,794	L99, 1SS, ch 5, sec 18, sub A, par 1
Male RTC program at ASH	39,348	L99, ch 1, sec 1, sub A, par 1
Primary care provider loan repayment	10,747	L94, ch 348, sec 5, sub B
Self-care unit at ASH	15,731	L99, ch 1, sec 1, sub A, par 4
Vital Records	153,283	L99, ch 176, sec 23, sub A
Building Renewal to ASH	5,217	L95, 1SS, ch 2, sec 1, sub C
Maintenance of windows at ASH	76	L99, 1SS, ch 5, sec 18, sub A, par 1
Environmental Assessment	2,369	L89, ch 311, sub 25
Obstetrics Malpractice	2,900	L91, ch 287, sec 26
Health Start	0.14	L99, ch 241, sec 5
<b>Arizona Historical Society</b>		
Tucson museum renovation	5,000	L94, 8SS, ch 2, sec 2, sub B, par 4
<b>Indian Affairs</b>		
Indian Town Hall	99	L96, 5SS, ch 1, sec 23
<b>Department of Insurance</b>		
Health care plans oversight	161,945	L00, ch 355, sec 25, sub A
Managed health care appeals	9,591	L97, ch 100, sec 20, sub A & B
<b>Judiciary</b>		
Elder Law Hotline	794	L98, ch 207, sec 1, sub A
<b>Department of Public Safety</b>		
Internet sex offender web site	61,495	L98, ch 291, sec 9
Sex offender profile notifications	6,287	L98, ch179, sec 1
<b>Arizona State Retirement System</b>		
Burke vs. ASRS, Settlement Costs	3,480,819	L99, ch 266, sec 7, sub A, par 3
<b>Department of Revenue</b>		
Property class realignment	6,646	L99, ch 344, sec 60, sub A
<b>Department of Water Resources</b>		
Cochise-Wilcox County Flood Control	400,000	L85, ch 332, sec 3, sub 1, subd (a)
Rural water studies	107,000	L00, ch 244, sec 1, sub A
Riparian areas	191	L92, ch 298, sec 4
Hydrology Study	7	L95, ch 86, sec 1
Major Maintenance and Repair	1,200	L99, 1SS, ch 5, sec 18, sub A, par 1
<b>Total - General Fund</b>	<b>\$5,965,468</b>	
<b><u>Corrections Fund</u></b>		
<b>Department of Corrections</b>		
Lock Replacement	\$472,005	L01, 2SS, ch 3, sec 5, as amended by L02, ch 321, sec 9
Lewis: Planning and Site Acquisition	197,939	L95, 1SS, ch 2
Yuma: 800 L4 Beds and Complex Buildings	197,419	L95, 1SS, ch2
Yuma: 800 L4 Beds and Complex Buildings	83,383	L95, 1SS, ch2
Tucson II Prison Planning and Siting	2,342,392	L98, 4SS, ch 7
Tucson II Prison Design and Construction	2,349,669	L99, 1SS, ch 2
Globe: Design and Construction of 100 Beds	351,579	L94, 8SS, ch 2, sec 2, sub C
Douglas Wastewater	153,141	L98, 4SS, ch 7
<b>Department of Juvenile Corrections</b>		
Build-Out New Secure Care Complex	330,832	L98, 4SS, ch 7
Medical Unit	141,851	L01, 2SS, ch 3, sec 5
HVAC	27,511	L01, 2SS, ch 3, sec 5
<b>Total - Corrections Fund</b>	<b>\$6,647,721</b>	

# FY 2003 OMNIBUS RECONCILIATION BILL PROVISIONS

	<u>Section #</u>
<b>AHCCCS</b>	
<i>Tobacco Tax Medically Needy Account</i>	
<ul style="list-style-type: none"> <li>As session law, amends prior session law (Laws 2002, Chapter 329, Section 30) to increase the FY 2003 allocation from the Tobacco Tax Medically Needy Account for state matching monies for the AHCCCS Acute Care Program from \$31,445,300 to \$43,543,900, which reflects the increase approved in 6th Special Session. Also reduces the allocation to the Children's Health Insurance Program Fund from \$32,025,000 to \$15,492,400 to reflect lower caseload estimates and the expenditure of prior year appropriations, and adds \$24,932,800 for state matching monies for the Proposition 204 program.</li> </ul>	8
<b>Asset Sales</b>	
<i>State Compensation Fund Asset Acquisitions</i>	
<ul style="list-style-type: none"> <li>As session law, transfers \$50,000,000 from the State Compensation Fund to the General Fund and directs ADOA and the State Compensation Fund to enter into an agreement to transfer ownership of \$50,000,000 worth of state assets to the State Compensation Fund and establish rates (comparable to rental rates for state-owned space) for agencies to continue to use the assets. Requires JCCR review and mutual consent between ADOA and the State Compensation Fund before disposition of assets after transfer of ownership. ADOA retains the option to reacquire the assets.</li> </ul>	21
<i>North Black Canyon Building</i>	
<ul style="list-style-type: none"> <li>As session law, directs ADOA to sell the property at 3815 N. Black Canyon by July 1, 2003 and deposit sale proceeds into the General Fund.</li> </ul>	20
<b>Community Colleges</b>	
<i>State Aid Specified in General Appropriation Act</i>	
<ul style="list-style-type: none"> <li>As session law, suspend the funding formulas in A.R.S. § 15-1464, 15-1466, and 15-1468 and instead fund FY 2003 Capital Outlay State Aid, Operating State Aid, and Equalization Aid at levels set in the General Appropriation Act and any amendments to the General Appropriation Act.</li> </ul>	11
<b>Commission for the Deaf and Hard of Hearing</b>	
<i>Technical Correction</i>	
<ul style="list-style-type: none"> <li>As permanent law, corrects technical reference in A.R.S. § 36-1947 relating to the deposit of a portion of the telecommunications excise tax into the Telecommunication Fund for the Deaf.</li> </ul>	3
<b>Department of Economic Security</b>	
<i>TANF Reversion</i>	
<ul style="list-style-type: none"> <li>As session law, extend the reversion date for Temporary Assistance for Needy Families Block Grant monies from the Joint Substance Abuse Treatment Fund from June 30, 2002 to June 30, 2003.</li> </ul>	5
<i>Child Care</i>	
<ul style="list-style-type: none"> <li>Beginning March 12, 2003 requires rather than permits the establishment of waiting lists under certain circumstances. Prohibits persons on waiting list from receiving assistance in FY 2003. Child care monies shall not be used for any other purpose without approval of JLBC.</li> </ul>	4, 25
<b>Department of Environmental Quality</b>	
<i>Reappropriation of Non-lapsing Appropriations</i>	
<ul style="list-style-type: none"> <li>As session law, reappropriates approximately \$492,800 from non-lapsing appropriations related to environmental health reserves, catalytic converter replacement program, and emissions banking and trading study for operating expenses in FY 2003.</li> </ul>	26

## **Department of Health Services**

### *Tobacco Tax Medically Needy Account*

- As session law, amends prior session law (Laws 2002, Chapter 329, Section 30) to add \$5,000,000 for state matching monies for behavioral health services for Title XIX eligible individuals. 8
- As session law, require DHS to revert unexpended Medically Needy monies as of March 7, 2003 that were allocated in FY 2002 and prior years to the AHCCCS Medically Needy account. 17

### *ASH Forensic Renovation*

- As session law, prohibit the use of unexpended or unencumbered monies in the ASH Capital Construction Fund for renovation of forensic facilities. 12

## **Judiciary**

### *Adult Probation Ratios*

- As session law, suspend statutory adult probation ratios in FY 2003. 15

## **State Land Department**

### *Game and Fish Heritage Fund*

- As session law, allows the use of monies from the acquisition portion of the Game and Fish Commission Heritage Fund to be used to fund statutory authorizations of \$2 million for fire suppression and \$1 million for prepositioning of fire fighting resources in FY 2003. 18
- As session law, allows the use of monies from the acquisition portion of the Game and Fish Commission Heritage Fund to be used to fund operating expenses of the State Land Department in FY 2003. 19

## **State Parks**

### *Off Highway Vehicle Recreation Fund*

- As session law, allow the agency to spend up to \$692,100 from the Off Highway Vehicle Recreation Fund to fund State Parks operating expenses in FY 2003. 13

### *Game and Fish Heritage Fund*

- As session law, allows the use of monies from the acquisition portion of the Game and Fish Commission Heritage Fund to be used to fund State Parks operating expenses in FY 2003. 19

## **Department of Public Safety**

### *Firearm Clearance Center*

- As permanent law, re-establish A.R.S. § 13-3114 requiring DPS to conduct firearms background checks. 1, 7

### *State Highway Fund Reimbursement*

- As session law, reimburse the General Fund from the State Highway Fund for DPS Highway Patrol expenditures of \$10,000,000 in FY 2001. 16

## **Department of Revenue**

### *Ladewig v. State*

- As session law, amend Laws 2002, Chapter 321, Section 18 to reduce the FY 2003 allocation for the Ladewig v. State of Arizona case from \$75,000,000 to \$15,000,000. 6
- As session law, hold in reserve for future payments related to the Ladewig case, any unused amount from the \$15,000,000 allocated to the Department of Revenue in FY 2003. 6

### *DOR Estate and Unclaimed Property Fund*

- As session law, deposit \$5,000,000 from the DOR Estate and Unclaimed Property Fund to the General Fund, before making the specified percentage distributions to the Housing Trust Fund and Racing Fund in FY 2003. 10



**School Facilities Board***Deficiencies Correction Dates*

- As permanent law, delay from June 30, 2003 to June 30, 2004 the date by which all existing statewide school deficiencies shall be corrected. 2
- As session law, allow Mesa Unified, Glendale Union, and Tucson Unified school districts to complete deficiencies by June 30, 2005. 22
- As session law, allow SFB to reimburse school district local funds for upfront expenditures on deficiencies projects approved by SFB. Law is repealed after June 30, 2005. 23, 24
- As permanent law, delay repeal of the Deficiencies Correction Fund from June 30, 2004 to June 30, 2005. 9

*Deficiencies Correction Advance Appropriation*

- As session law, appropriate \$100 million from the General Fund to the Deficiencies Correction Fund in FY 2005 (would reappropriate a FY 2003 \$100 million transfer from the Deficiencies Correction Fund to the General Fund). 27

**Department of Water Resources***Arizona Water Banking Fund Offset*

- As session law, allows the use of monies from the Arizona Water Quality Fund and \$1,115,900 from the Arizona Water Banking Fund for DWR FY 2003 operating expenses. 14

**Other***Emergency Clause*

28